

JOINT MEETING OF
HEALTH & EDUCATION COMMITTEE
BUDGET COMMITTEE and SCHOOL BOARD

May 27, 2014

4:30 p.m.

Board of Education

MINUTES:

MEMBERS PRESENT:

Commissioner Rhonda Allen
Commissioner Carol Cook
Commissioner Will Jordan
Commissioner Jeff Phillips
Commissioner Chantho Sourinho
Commissioner Brad Turner
Commissioner Jeff Jordan, Chm

Commissioner Charlie Baum
Commissioner Joe F. Jernigan
Commissioner Robert Peay
Commissioner Steve Sandlin
Commissioner Doug Shafer
Commissioner Joyce Ealy, Chm

OTHERS PRESENT:

Ernest Burgess Lisa Nolen
Don Odom Jeff Sandvig
Terry Hodge Joyce Michaels
David Nipper Wayne Blair
Gary Eakes Coy Young
Aaron Holladay Donald Jernigan
Richard Zago Paula Barnes
James Evans Jeff Reed
Regina Harvey Bob Bullen
Becky Shelton Jeff Davidson
Gary Clardy Becky Shelton

Chairman J. Jordan presided and called the joint meeting of the Health & Education Committee, Budget Committee and School Board to order at 4:30 p.m. to include presentation of the 14/15 School Board budget.

MINUTES:

"Commissioner Cook moved, seconded by Commissioner Sourinho, to approve the minutes of the last meeting as mailed. This motion passed unanimously by acclamation."

HEALTH DEPARTMENT REPORT:

No report was presented at this time.

COMMUNITY CARE REPORT:

No report was presented at this time.

SPECIAL PROJECTS REPORT:

The report was postponed until the June meeting.

SCHOOL BOARD BUDGET REVIEW AND AMENDMENTS:

Chairman J. Jordan advised the Budget Committee intended to review the proposed School Board budget at its meeting tomorrow night.

Superintendent Odom first provided the proposed 2014/15 School Board budget advising it included a 2.4% increase although student growth was at 2.9%. Mr. Odom provided answers to frequently asked questions regarding BEP generated positions and unfunded and under-funded State mandates. About 43% of students in Rutherford County are on free or reduced food programs. The budget as presented includes no increase in utilities because of cost saving devices installed. Mr. Odom reviewed for the Committee the Cafeteria Fund budget and Capital Projects Fund.

Mr. Odom next advised Rutherford County received a large increase in State funding for 2007/08 with the State's BEP 2 funds and the Commission was able to move 5¢ in property tax revenues to Fund 177, Major Capital Projects for Schools from the General Purpose School budget. The Commission's goal was to use current property tax funds for reroofing, HVAC systems, paving and other repairs that were being funded with borrowed funds. The School Board totally supported the program. In 2007/08 the 5¢ covered \$1,913,042 in expenditures for

major capital repairs and the schools built in the 1990's only had \$140,000 budgeted for repairs. Six years later, the 5¢ has dropped to 4.51¢ and the budgeted property taxes for 2013/14 are \$2,401,660. The schools built in the 1990's and the early years of the twenty-first century are now requiring some major repairs and the system is falling behind in these needed repairs and restoration of that 0.49¢ on the property tax would help fund the repairs from current revenues and avoid a need to use borrowed funds for these projects. Commissioner Cook suggested adjusting the figure whenever new construction comes on.

The Committee was next advised the Maples Family Partnership is willing to sell the County 5.5 acres adjoining Whitworth-Buchanan Oakland Middle School for a sixth grade annex at \$70,000 per acre. The Board would pay the estimated \$2,500 in surveying costs. Finance Director Nolen advised money is available from the recent borrowing and this could be funded. Additionally, Mayor Burgess supports this concept. The Committee discussed the per acre price as being high but the land would not be available at a later date as houses will have been constructed on it. Following discussion,

"Commissioner W. Jordan moved, seconded by Commissioner J. Phillips, to fund the purchase of the 5.5 acres adjoining Whitworth-Buchanan Middle School for a sixth grade annex from the Maples Family Partnership at \$70,000 per acre and up to \$2,500 in surveying costs as presented. This motion passed unanimously by roll call vote."

Commissioner J. Phillips asked for an explanation of why the Rutherford County per pupil expenditure is lower than the State average and if the same is compared fairly. Superintendent Odom advised this is a comparison of operating funds that does not include new construction and there is economy in scale. The School Board and former Superintendents have made some smart choices including geo-thermal and efficiency in utilities as well as picking kids up for intervention quicker than other systems. Rutherford County is the fifth largest system in the State. The Committee was advised most of the growth is external from out of the County. Mr. Sandvig advised the compound growth rate over the last twenty years is a little over 4% annually.

Commissioner J. Phillips advised he had concerns over so many high schools in the north end of the County and they are close together. He was concerned that in the future all growth would be in other areas of the County and he was concerned if the system was planning adequately. Commissioner Phillips questioned if schools were built in other parts of the County if it would start growth in those areas rather than just in the north end. Aaron Holladay advised the purchase of the additional land at Whitworth-Buchanan Oakland Middle School somewhat addresses this concern as development is occurring at a pace that is alarming. The purchase allows quick construction of a new high school. Superintendent Odom advised when Joe B. Jackson Parkway joins Highway 70 a lot of land will be available for development. David Nipper advised the School Board has a representative at zoning meetings and tries to stay current. Chairman J. Jordan advised jobs are pouring into the County and apartments are being built as quick as possible.

Commissioner W. Jordan asked if the budget as requested could be funded without a tax increase. Finance Director Nolan advised the County may can squeak by but it is setting itself up for a painful next year. The debt service is the only fund with flexibility.

Commissioner Sandlin inquired as to raises and was informed the budget provides for step increases at a cost of \$1,250,000 to \$1,500,000 with no State money. No money to improve technology is in the budget and some nurse positions were taken out. Superintendent Odom advised to cut the budget would require personnel to be cut since there is no increase in utilities. The budget is based on growth of 1,200.

Commissioner W. Jordan advised the budget went up less than the growth so he knew it was a conservative budget but the Commission

has to figure out how to fund. Superintendent Odom advised reduction ultimately affects the quality of instruction. The system repurposed 54 positions last year and has done the same to approximately 30 this year which is the reason the student/teacher ratio is so close.

Commissioner Shafer advised the State has put the County in a box because there is only one method of funding but the State and Federal governments continue with unfunded mandates. At some point going to Court has to be considered as you cannot continue with property tax every year.

Terry Hodge advised during the last Legislative session he thought the State Education Department was shifting more to locals and trying to get rid of public education and he feared they were continuing to funnel money away from public education. He thought the State was going towards letting locals do it but without the means to do it. Chairman J. Jordan advised at the annual meeting in January with the legislators the Committee was told it would get the same BEP money as last year and Commissioner Sandlin confirmed this recollection.

Wayne Blair advised the \$2,000,000 paid into the Trustees Commission bothered him and he asked if there was any way to utilize that for schools rather than putting back into the General Fund. Commissioner W. Jordan advised it was all taxpayer money.

The 2014/15 GPS budget has expenditures of \$306,688,721 and revenues of \$293,859,003 leaving a budget shortfall of \$12,829,718. Ms. Nolen and Mr. Sandvig will be amending 2013/14 revenues in June and finalizing 2014/15 revenues. Following discussion,

"Commissioner J. Phillips moved, seconded by Commissioner Cook, to forward the 2014/15 General Purpose School Fund budget in the amount of \$306,688,721 to the Budget Committee with a favorable recommendation. This motion passed unanimously by roll call vote."

The 2014/15 Cafeteria Fund budget was next discussed. The first version has revenues of \$17,630,000 and expenditures of \$18,333,292. The \$703,292 deficit will be taken from fund balance. The budget will be finalized in May after the April financial figures are available. Following discussion,

"Commissioner W. Jordan moved, seconded by Commissioner Sourinho, to approve the 2014/15 Centralized Cafeteria Fund budget with \$17,630,000 in revenues and \$18,333,292 in expenditures. This motion passed unanimously by roll call vote."

The Committee was next advised the estimated property tax revenue for the Capital Projects Fund is \$2,366,877. This revenue and \$33,548 from fund balance will cover \$2,350,000 in items from Mr. Clardy's project list and the Trustee's Commission for Fiscal 2014/15. The roof replacements and/or repairs at Smyrna Primary, Thurman Francis, Oakland High, Blackman High and Buchanan and the HVAC integrated control system for Blackman Middle Schools are the highest priority projects on Mr. Clardy's proposed capital project list for 2014/15. If additional funding should become available then the other \$512,500 in projects would be added to the budget in the order they are on the list. Following discussion,

"Commissioner Turner moved, seconded by Commissioner Allen, to approve the 2014/15 Capital Projects List, Fund 177, as presented. This motion passed unanimously by roll call vote."

The next item on the School Board suggested agenda for discussion was the request to fund the full 5¢ to fund Capital Projects, Fund 177 which was previously discussed.

"Commissioner W. Jordan moved, seconded by Commissioner Jeff Phillips, to table the issue of the 5¢ to fund Capital Projects, Fund 177, until further budget information is available later in the process. This motion passed unanimously by roll call vote."

There appearing to be no further business to come before the Committees, Chairman J. Jordan declared the meeting adjourned at 6:18 p.m.

JEFF JORDAN, Chairman